

HAMPTON VA

NEWS RELEASE

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Hampton City Council urges state to pay its share of Fort Monroe tax burden

Dec. 11, 2013 - Gov. Bob McDonnell says his biennial budget proposal will authorize the issuance of bonds to fund \$22.5 million in capital improvements at Fort Monroe. In addition, it would offer supplemental funds of \$700,000 for this fiscal year and \$6.7 million for the next two years; however, it does not yet fund the property's share of city operating expenses.

"The state funds for capital improvements are crucial to the future of Fort Monroe and Hampton," said Hampton Mayor George Wallace. "We thank the governor for investing in the property, which needs modernization and upgrades. Improving the infrastructure will allow more residents and more businesses to locate there, which will boost the city.

"However," Wallace added, "the General Assembly should recognize that it is not appropriate for residents and business at Fort Monroe to be subsidized by non-Fort Monroe residents and businesses in Hampton, especially as they all receive and have access to the same city services."

The state had earlier agreed to make payments in lieu of taxes, based on assessed property value and the existing tax rate, for the property it controls. However, the state budget put a "cap" on the payments, so the state is not paying the same rate as other residents. Hampton City Council agreed in November to ask legislators to remove that cap so that residents and businesses throughout the city have the same relative rate of contributions to fund overall city and school operations.

This fiscal year, the Payment in Lieu of Taxes for Fort Monroe should be \$1.654 million, according to the agreed-upon formula; however, the state agreed to pay only \$983,164 – or less than 60 percent of its bill.

Put another way, Fort Monroe is paying an effective tax rate of less than 73 cents per hundred dollars of property value, while all other residents and businesses in Hampton are paying \$1.24.

Sen. Mamie Locke, a member of the Fort Monroe Authority noted, "It is important that those residents and businesses at Fort Monroe – who receive the exact same city services as other residents – contribute to the city operations at the same rate as our other residents." Both she and Del. Gordon Helsel have said they will introduce legislation to restore the equal footing for Fort Monroe that was agreed to in the Payment in Lieu of Taxes agreement in 2012.

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